

What's Your Outlook?

ISO-NE Asks Mary J. Healey About Energy Conservation in Connecticut

Mary J. Healey is the Consumer Counsel for Connecticut. The Office of Consumer Counsel (OCC) is an independent state agency with statutory responsibility to represent customers of Connecticut's regulated utilities in proceedings before the Department of Public Utility Control (DPUC), the Federal Energy Regulatory Commission and the courts. It is a governance-only member of the New England Power Pool End User sector. Healey, an attorney, is serving her fifth year as Consumer Counsel and has been re-confirmed for a second term that will expire in 2011. She also serves as vice-chair of the Connecticut Energy Advisory Board (CEAB).

What is the State doing to encourage Connecticut consumers to conserve electricity and how do conservation and energy efficiency fit into the State's energy plan?

The lead strategy in the State's energy plan is to promote energy efficiency and conservation. Energy efficiency is one leg of a three-legged stool. Generation and transmission are the other two legs that we need for a reliable power system, but energy efficiency is the State's preferred energy resource. The least expensive kilowatt, with the least environmental impact, is the one you don't have to produce.

Since electricity prices are not expected to go down any time soon, energy efficiency becomes all the more important as a way to control electricity costs. Therefore, the legislature has provided significant incentives for customers to develop and achieve reductions in electricity demand as a way to control electricity costs. The CEAB has also identified greater investment in conservation and demand-side resources among short-term actions that the State could take to reduce energy consumption, and peak demand in particular.

Energy efficiency measures can result in economic and environmental benefits for our

state and mitigate strain on our electric infrastructure, especially in Southwest Connecticut.

Why has Connecticut focused on reducing peak demand for electricity?

Connecticut set a record for peak electricity demand in 2005 of 7,100 (MW), which was 10 percent higher than the previous summer and 250 MW higher than the previous record set in 2001. Average on-peak wholesale electricity prices for Connecticut are typically 30 percent higher than off-peak prices, while actual on-peak prices can be more than double off-peak prices. To the extent we can reduce peak demand, we can reduce prices and the amount of capacity we need to build to serve that demand. In its 2006 Energy Plan, the State set a goal of reducing peak electricity demand by 10 percent by 2010.

Who oversees the ratepayer funds that are collected as a conservation charge on consumers' monthly electric bills and how has the use of those funds impacted energy consumption and the environment?

The funds collected from the conservation charge are deposited in the Connecticut Energy Efficiency Fund (CEEF) and overseen by the Energy Conservation Management Board (ECMB), which makes recommendations to the DPUC on the use of the funds. Connecticut's two electric utilities administer the programs. The OCC is a member of the ECMB and plays an active role in developing comprehensive and cost-effective energy conservation plans, and has conducted independent assessments to ensure that ratepayers achieve the maximum benefit in terms of both cost savings and reductions in energy consumption.

CEEF's 2005 budget of \$80 million produced 318 million kilowatt hours of annual energy savings from investment of CEEF funds, which equates to savings of approximately \$40 million

and \$550 million in savings over the lifetime of the energy efficiency programs. The ECMB also reported that these funds helped to reduce sulfur dioxide and nitrogen oxide emissions by 456 tons and carbon dioxide emissions by nearly 200,000 tons.

What is the State doing to conserve electricity in State buildings?

Electricity accounts for approximately 70 percent of the State's nearly \$100 million energy budget for state buildings. In response to higher retail electricity rates, the State set a goal of reducing energy costs at state buildings by 10 percent in 2006 and identified strategies for energy savings.

In a 2005 report on Energy Efficiency Opportunities at State Facilities, the OCC, in conjunction with the DPUC and the ECMB, recommended that the State enhance the potential energy reduction from state agencies to participate in demand-response programs. For summer of 2006, the State now has approximately 28 MW of resources committed to the ISO's Demand Response Program, which provides financial incentives for state agencies to reduce electricity consumption when demand for electricity exceeds available supplies. The report emphasized the need for the State to lead by example, to "modify the way people and agencies" use electricity, which includes decisions about purchasing energy efficient equipment and construction of more energy efficient buildings.

Why type of outreach does the State do to educate consumers about the importance of conservation?

The CEEF launched a public awareness campaign in 2005 to influence consumer behavior to reduce energy consumption by increasing energy efficiency. The State set up a Web site as a central resource for consumers to find information on energy efficiency and programs to assist energy consumers at www.ctsavesenergy.org. Consumers can also call 1-877-WISE USE for information on utility-sponsored energy efficiency programs.